Merrill Lynch

June 27, 1983

Commodore International, Ltd.

FY84 Estimates Increased

Intermediate Opinion: Buy (1)
Long Term Opinion: Buy (1)

Recent Price: 54* (CBU-NYSE) 52 Week Range: 59* - 13*

FY June EPS*			P/E Ratio			Indicated Annual	
1981	1982E	1983E	1982	1983E	1984E	Dividend	Yield
$1.32	$2.75-2.85	$4.25-4.75	40.9	19.0	12.0	Nil	Nil

*Adjusted for 100% stock dividend, payable June 9, 1983

Shares Outstanding:	30.84 Mil.	LT Debt % of Capital:	23.8%
Market Value:	$ 1.67 Bil.	Return on Avg 81 Equity:	45.8%
Book Value:	$ 3.78 p/s	Est. 5 Yr. EPS Growth:	30-40%
Suitability:	Speculative	Invest. Character:	Growth
Industry Class:	Microcomputers	Options:	PBW

SUMMARY

We continue to be positive on CBU for the following reasons:

1. The home computer market continues to grow rapidly on a unit basis-currently about 90-100% per year. 1982 unit sales were about 2.8 mil., and 1983 estimates have been increased from 4.5-5 mil. in Jan. of 1983 to 5 mil.-plus recently.

2. Commodore's market share continues to increase. We estimate CBU produced over 1 mil. VIC 20's and Commodore 64's by Dec. 1982 and in the first 5 months of 1983 produced another 1 mil. units. We believe CBU's monthly production rate will be approaching 200,000 by end of calendar 1983 and 300,000-325,000 units in mid-to-late calendar 1984.

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3. CBU continues to be profitable in the home computer hardware business in spite of rapid price cutting. (This is the opposite, we think of the situation faced by a number of CBU's direct competitors). CBU is vertically integrated back to the production of key integrated circuits, and CBU's direct manufacturing costs have continued to decline over the past several years.

4. CBU has placed a relatively low priority on software over the past two years, reflecting its strategy of selling as much hardware as quickly as possible. With its installed base now over 2 mil. units and growing in excess of 2 mil. units per year, CBU has begun a strategically important program of rapidly expanding its software product offering both for entertainment and computing applications. For example, at the recently concluded Consumer Electronics Show in Chicago, CBU announced about 70 software packages. Included among these is a product called Magic Desk, which provides users an integrated set of functions (word processing, file updating) similar to those offered by Apple Computer with its Lisa product. Magic Desk will sell for under $100 and we believe could generate revenues in excess of $20 mil. in its first full year of sales. Overall the new software product cycle could produce a total of $200-300 mil. of incremental revenues over the next 2 fiscal years.

5. This new software potential, in addition to the hardware revenue growth we anticipate, suggests that FY84 and FY85 EPS growth rate may equal or exceed 50%. We have increased the FY84 range from $4.00-4.50 ($4.25 single point) to $4.25-4.75 ($4.50 single point).

6. The P/E multiple on est. FY84 EPS continues to be about one half of that accorded est. FY84 EPS for Apple Computer. We believe a higher valuation is warranted for CBU common shares and we believe an increasing number of investors will come to share this view over next 6-12 months.

DISCUSSION

1. CBU has enjoyed well above-average growth in revenue and earnings during the F1977-F1981 period as a result of successful expansion of the European personal computer market, where CBU still enjoys a strong position. Beginning in FY1982, strong expansion of the Vic-20 and Commodore 64 home computer products and related peripheral equipment (and to a significantly lesser extent-software) have led to very rapid growth in CBU's North American revenues. In FY83 we est. North/American revenues will grow 178% to $485 mil. (FY82 growth was 132%). A summary of F781 - 84E revenue and operating profits follows - please see Table 3 for more detail.

ESTIMATED REVENUE AND OPERATING PROFIT

	FY 1984E	FY 1983E	FY 1982	FY 1981
Computer Systems				
Revenues	$1,055	$645	$228.2	$132.5
% Total	99%	96%	74.9%	71.0%
Oper. Profits	192	121.2	53.6	34.8
% Total	100%	99%	94.0%	87.7%
Oper. Margin	18.1%	18.8%	23.5%	26.3%
Semiconductors				
Revenues	0	20	59.8	34.9
% Total	-	3%	19.6%	18.7%
Oper. Profits	-	2.0	6.0	4.9
% Total	-	2.0%	10.0%	12.3%
Oper. Margin	-	10.0%	10.0%	14.0%
Office Equipment				
Revenues	8	7	12.5	10.9
% Total	1%	2%	4.1%	5.8%
Oper. Profits	0	0	(0.1)	0.0
% Total	0	0%	N.C.	0.0%
Oper. Margin	-	0%	N.C.	0.0%
Consumer Products				
Revenues	2	2	4.0	8.2
% Total	N.C.	1%	1.3%	4.4%
Oper. Profits	0	(1)	(2.5)	(5.0)
% Total	-	N.C.	N.C.	N.C.
Oper. Margin	-	N.C.	N.C.	N.C.
Total Revenues	1,065	$674.1	$304.5	$186.5
Total Oper. Profit	188	122.2	57.0	34.7
Overall Oper. Margin	18.0%	18.1%	18.7%	18.6%

2. The Vic-20 (and beginning in FY1983-the Commodore 64) momentum have been the driving forces in the rapid growth of CBU's computer systems revenues over the past four years:

ESTIMATED COMPUTER SYSTEMS REVENUES, FY1981-FY1984E
($ Millions)

	FY84E	FY83E	FY82E	FY81
VIC-20	330	250	35	0
64 Series	270	120	0	0
Portable	50	0	0	0

	FY84E	FY83E	FY82E	FY81
Other Hardware*	325	240	173	123
Software	80	35	20	10
Total	1,055	645	228	133

* Includes 4000, 8000 Series and to be shipped B-Series.

In our opinion, the major factors behind CBU's success over the past 3 years in the home computer market, have been low price and a marketing focus on computing as opposed to entertainment, applications of the hardware. We believe CBU currently is the low cost producer in home computers.

3. Despite the recent announcement by Texas Instruments that it will incur a multimillion dollar loss in home computers in 2 Q (6/30) 1983, we believe elasticity of demand is alive and well in this market. Our estimates of the size of this market follow. (See Table 7 for more details).

THE HOME COMPUTER MARKET
$ Market (mil)

	1984	1983	1982	1981
Hardware	$3,500	$2,000	$900	300
Software	1,200	600	300	100
Total	$4,700	$2,600	$1,200	400

Source: 1981 & 1982 Future Computing, Inc.; 1983 & 1984 MLPF&S Est.

UNIT SHIPMENTS
(000)

	1984	1983	1982	1981
Atari XL Series	800	150	0	
Atari 400	-	300	300	
Atari 800	-	300	250	105
Coleco	1,350	I00	-	-
Vic-20	1,800	1,300	700	90
Commodore 64	1,500	800	60	-0-
TRS-80 Color	800	500	300	50
TI-99/4A	1,000(c)	1,000	600	50
Timex-Sinclair	1,000	800	600	
Other	600(b)	300		+500(a)
Total	9,850	5,550	2,810	795
U.S. Shipments	6,850	3,950	2,010	700
Foreign Shipments	3,000	1,600	800	95
Total	9,850	5,550	2,810	795

Source: 1981 - Future Computing, Inc.; 1982, 1983, 1984-MLPF&S Est.

(a) Sinclair
(b) Includes handhelds selling for less than $500; possible products from IBM and Japanese vendors.
(c) Includes new products.

Selling prices have gone down about 50% the past year but unit volume has been up sharply. Our 1983 estimates may prove conservative, depending upon the ability of CBU and others to meet demand. Based on current demand indications for electronic components in general, it is possible that the major limiting factor on unit growth over next 6-12 months very well may be a shortage of key parts, perhaps 64K random access memory devices. CBU no longer can satisfy internally its demand for semiconductor devices, and recently has began purchasing from other vendors.

4. Profit at any given price point is to an important extent a function of direct costs of manufacture. CBU sells an 8 bit system and we believe CBU is not only low cost producer in home computers but also makes a profit at current price levels. Our estimates of the cost/wholesaling price relationship of CBU's major low end products follow:

Product	Est. Dir. Mfg. Cost	Current Wholesale Price	Retail Price
Vic-20	$55- 60	$125	$100*
Commodore-64	70- 75	145	200
Commodore-128	95-100	200	795

* As part of a $200 package deal, wholesale cost $145.

We believe a major difference between Commodore and other microcomputer manufacturers is that Commodore is one of only two vertically integrated participants in the personal computer industry (TI is the other). In addition to the obvious advantages of vertical integration--lower manufacturing costs--there is an equally important advantage in terms of minimizing the lead time in new product development. Traditionally a computer systems company must first develop the computer system design which can take as much as a year, and then spend up to another year designing the semiconductor chips necessary for the system. At Commodore, in contrast, the systems engineering and chip designer work is done simultaneously. In the past this procedure has enabled a reduction in total development time by approximately one-half. We believe this is the major reason that Commodore was able to first introduce a microcomputer for under $1,000; to introduce a second generation system with full color for under $300-the Vic-20; and most recently to have announced what we believe to be Commodore' third generation line, the Commodore 64, Commodore 128, and the Portable Computer, with further advantages in pricing.

5. Market shares are changing significantly and one of the most important factors is the emergence of mass merchandisers as major channel of distribution. We est CBU currently enjoys wide unit volume advantage in K Mart, has just begun to move product in volume through Sears, with business to begin in earnest with J.C. Penney in 2-3 months.

Over the next 6-12 months, we anticipate a trend toward computer centers within the larger mass merchandiser's stores, which would carry a range of low end computers from $50 to $1,000 in price. We would not be surprised to see products from Apple Computer and IBM Corp. in such outlets.

6. There is a close relationship between hardware and software sales. We believe CBU's recent software product and pricing actions will have 2 or 3 major impacts.

(1) Development of significant software revs for CBU, coming from a current low base;
(2) Price cutting by competitors in response to CBU's introduction of $9.95 pricing point for wide range of software products;
(3) Possible significant profit erosion for those competitors which had been pricing hardware at breakeven or a loss, hoping to make all them profit from software.

RECENT RESULTS

First 9 months FY83 results to 3/31/83 were stronger than anticipated by us. Revs. advanced 127% to $469 mil., and EPS increased 122% to $199 mil. On a product basis, growth in both the Vic-20 and Commodore 64 lines and increased peripheral equipment sales were the major influences on shipment growth. On a geographic basis, an upsurge was noted in European business in 3Q, with U.S. business also up. On a distribution basis, CBU's penetration of key U.S. mass merchandising channels increased steadily and included initial shipments to Sears Roebuck & Co. Inventory data (see Table 6) do not indicate inventory building; if anything, recent (12/31/82 + 3/31/83) data suggest CBU's ability to meet demand over the next few months may be challenged.

The outlook for 4Q (6/30/83) and FY1984 remains very positive. We recently increased in FY84 model as shown below:

	FY84E	% Chg	FY83E	% Chg	FY82
Revenues	1,065.0	58	674.2%	121	324.5
Pretax Margins	16.6%	-	16.5%	-	16.7%
Tax Rate	21.0%	-	21.4	-	20.0%
Net Date	140.0	60	87.4	115	40.6
EPS	4.50	58	2.84	115	1.31

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TABLE 1

COMMODORE INTERNATIONAL, LTD.
Quarterly Comparisons 1978-1983E
(Millions)

6/30	Revs.	% Chg. Yr-Yr	% Chg. Qtr-Qtr	Oper. Profit	Oper. Margin	Int. Expense	Other Exp. (Inc.)	Pretax Income	% Chg.	Pretax Margin	Taxes	Tax Rate	Net Income	Avg. Shares	Fully Dil. EPS	% Chg.
1983E																
Q1A	103.35	90.8	5.3					16.83	85.6	16.3	3.48	20.7	13.35	30.72	0.43	85.1
Q2A	176.24	151.2	70.4					29.31	152.6	16.6	6.35	21.6	22.97	30.82	0.75	144.3
6 Mos.A	279.57	125.1	-					46.14	123.2	16.5	9.83	21.3	36.32	30.76	1.18	118.5
Q3A	189.58	130.0	7.6					31.79	131.7	16.8	6.78	21.3	25.02	30.84	0.81	125.0
9 Mos.A	469.15	127.4	-					77.94	126.6	16.6	16.60	21.3	61.34	30.80	1.99	122.3
Q4E	205.00	108.8	8.1					33.21	102.4	16.2	7.14	21.5	26.07	30.90	0.84	98.8
YearE	674.15	121.4	-	122.2	18.1%	16.00	(5.00)	111.15	118.8	16.5	23.74	21.4	87.41	30.82	2.84	114.8
1982																
Q1	54.15	53.8	(3.3)					9.07	57.7	16.7	1.79	19.7	7.28	30.90	0.24	62.1
Q2	70.06	55.6	29.4					11.61	57.5	16.6	2.30	19.8	9.31	30.72	0.30	64.5
6 Mos.	124.21	54.8	-					20.68	57.6	16.6	4.09	19.8	16.59	30.82	0.54	61.2
Q3	82.13	63.6	17.2					13.72	65.9	16.7	2.76	20.1	10.96	30.88	0.35	61.4
9 Mos.	206.34	58.1	-					34.39	60.9	16.7	6.85	19.9	27.54	30.84	0.89	61.3
Q4	98.16	75.2	19.5					16.41	74.2	16.7	3.35	20.4	13.06	30.78	0.42	70.0
Year	304.50	63.3	-	57.0	18.7%	11.10	(4.90)	50.80	64.9	16.7	10.20	20.0	40.60	30.80	1.31	64.0
1981																
Q1	35.21	42.3	(1.1)					5.75	71.1	16.3	1.23	21.4	4.52	30.94	0.15	93.3
Q2	45.05	42.9	27.9					7.37	66.7	16.4	1.58	21.4	5.79	30.78	0.19	146.7
6 Mos.	80.26	42.6	-					13.12	68.6	16.3	2.81	21.4	10.31	30.78	0.33	86.1
Q3	50.22	48.8	11.5					8.27	69.1	16.5	1.45	17.5	6.83	30.84	0.22	76.0
9 Mos.	130.48	45.0	-					21.38	68.6	16.4	4.26	19.9	17.13	30.90	0.55	82.0
Q4	56.02	57.4	11.5					9.42	67.3	16.8	1.64	17.4	7.77	31.08	0.25	56.3
Year	186.50	48.5	-	34.7	18.6%	7.40	(3.50)	30.80	68.3	16.5	5.90	17.0	24.90	30.96	0.80	73.1
1980																
Q1	24.75	98.95	(6.7)					3.36	115.7	13.6	1.01	30.0	2.35(a)	30.40	0.08(a)	87.5
Q2	31.52	101.02	27.4					4.42	141.5	14.0	1.33	30.1	3.09	30.40	0.11	66.7
6 Mos.	56.27	100.18						7.78	130.2	13.8	2.34	30.1	5.44	30.40	0.18	111.8
Q3	33.74	105.23	7.0					4.89	194.6	14.5	1.02	20.9	3.88	30.60	0.13	150.0
9 Mos.	90.00	101.97	-					12.67	151.4	14.1	3.35	26.4	9.32	30.76	0.30	125.9
Q4	35.60	34.14	5.5					5.63	90.2	15.8	0.45	8.0	5.18(a)	32.20	0.16	128.6
Year	125.60	76.65	-	21.5	17.1%	5.50	(2.30)	18.30	128.9	14.6	3.80	20.8	14.50	31.20	0.46	126.8
1979																
Q1	12.44	(8.4)	7.9					1.55	40.9	12.5	0.40	25.8	1.15	28.30	0.04	60.0
Q2	15.68	7.2	26.0					1.83	40.8	11.7	0.49	26.8	1.34(b)	28.80	0.05	63.6
6 Mos.	28.11	(0.4)	-					3.38	40.8	12.0	0.89	26.3	2.49	28.70	0.09	58.9
Q3	16.44	57.9	4.8					1.66	86.5	10.1	0.21	12.7	1.45	29.02	0.05	66.7
9 Mos.	44.56	15.4	-					5.04	53.2	11.3	1.10	21.8	3.94	28.84	0.14	68.8
Q4	26.54	130.2	6.1					2.96	54.2	11.2	0.90	30.4	2.06	30.24	0.07	86.7
Year	71.10	41.8	-	10.1	14.2%	N.A.	N.A.	8.00	53.3	11.3	2.00	25.0	6.00(b)	29.66	0.21	70.8
1978																
Q1	13.58							1.10		8.1	0.39	35.3	0.71	28.42	0.02	
Q2	14.63							1.30		8.9	0.51	39.3	0.79	28.42	0.03	
6 Mos.	28.21							2.40		8.5	0.90	37.5	1.50	28.42	0.05	
Q3	10.41							0.89		8.6	0.08	8.4	0.82	28.42	0.03	
9 Mos.	38.62							3.29		8.5	0.98	29.8	2.32	28.42	0.08	
Q4	11.53							1.92		16.6	0.84	44.3	1.07	28.42	0.04	
Year	50.15			6.3	12.5%	N.A.	N.A.	5.22		10.4	1.82	34.9	3.39	28.42	0.12	

(a) Excluding reversal of U.K. taxes of $1.7 million or $0.17 per share - $0.07 (Q1) and $0.10 (Q4).
(b) Excludes extra-ordinary items.

TABLE 2

COMMODORE INTERNATIONAL, LTD.
Income Statement Analysis, FY1978-FY1983E
(Fiscal Year Ends June 30)

	1984E	% Chg.	FY 1983E	% Chg.	FY 1982	% Chg.	FY 1981	% Chg.	FY 1980	% Chg.	FY 1979	FY 1978	FY 1977
Sales	$1,065	58	$674.1	121%	$304.5	63.3	$186.5	48.5	$125.6	76.7	$71.1	$50.2	$46.2
Cost of Sales	560	58	354.0	123	159.1	53.4	103.7	38.3	75.0	56.3	48.0	34.9	35.1
% of Revenues	52.6%		52.5%		52.2%		55.6%		59.7%		67.5%	69.5%	76.0%
Gross Profits	505	58	320.1	120	145.4	75.6	82.8	63.6	50.6	119.0	23.1	15.3	11.1
Gross Margin	47.4%		47.5%		47.8%		44.4%		40.3%		32.5%	30.5%	24.0%
Marketing Expense	197	60	123.4	135	52.4	105.5	25.5	127.7	11.2	148.9	4.5	3.2	
% of Revenues	18.5%		18.3%		17.2%		13.7%		8.9%		6.3%	6.4%	
G&A Expense	53	50	35.3	95	18.1	27.5	14.2	25.7	11.3	130.6	4.9	3.7	
% of Revenues	5.0%		5.2%		5.9%		7.6%		9.0%		6.9%	7.4%	
R&D Expense	63	62	39.0	118	17.9	113.1	8.4	27.3	6.6	8.3	3.6	2.1	
% of Revenues	6.0%		5.9%		5.9%		4.5%		5.3%		5.1%	4.2%	
Operating Profits	192	54	122.2	114	57.0	64.3	34.7	61.4	21.5	112.9	10.1	6.3	3.3
Operating Margin	18.0%		18.1%		18.7%		18.6%		17.1%		14.2%	12.5%	7.2%
Interest Expense	21		16.0	44	11.1	50.0	7.4	37.7	5.5		-	-	-
Interest Income	(6)		(5.0)	2	(4.9)	40.0	(3.5)	52.1	(2.3)		-	-	-
Net Int. Exp. (Inc.)	15	36	11.0	77	6.2	58.9	3.9	21.9	3.2	52.9	2.1	1.1	1.1
Pretax Profits	177	59	111.2	119	50.8	65.1	30.8	68.3	18.3	128.8	8.0	5.2	2.2
Pretax Margin	16.6%		16.5%		16.7%		16.5%		14.6%		11.3%	10.4%	4.9%
Taxes	37	56	23.7	132	10.2	72.9	5.9	55.3	3.8	90.0	2.0	1.8	0.7
Tax Rate	21.0%		21.4%		20.1%		19.2%		20.8%		25.0%	34.6%	32.0%
Net Income	140	60	87.4	115	40.63	63.2	24.90	71.7	14.50(a)	141.7	6.00	3.40	1.52
Avg. Shares	31.0	1	30.8	0	30.80	0	30.96	(0.8)	31.20	7.0	29.16	28.42	27.40
EPS	$4.51	54	$2.84	115	$1.32	64.0	$0.80	73.1	$0.46(a)	126.8	$0.21	$0.12	$0.06

(a) - Excluding reversal of U.K. taxes of $1.7 Mil. or $0.085 per share - $0.035 (Q1) and $0.05 (Q4).

TABLE 3

COMMODORE INTERNATIONAL, LTD.
Product Revenue and Operating Profit Breakdown FY1977-1983E

	FY 1984E	% Chg.	FY 1983E	% Chg.	FY 1982	% Chg.	FY 1981	% Chg.	FY 1980	% Chg.	FY 1979	FY 1978	FY 1977
Computer Systems													
Revenues	$1,055	65	$645	183	$228.2	72.2%	$132.5	60.0%	$82.8	140.7%	$34.4	$12.2	0
% Total	99%		96%	-	74.9%	-	71.0%	-	65.9%	-	48.4%	24.3%	0
Oper. Profits	192	59	121.2	126	53.6	54.0	34.8	36.4	25.5	28.6	6.6	N.A.	0
% Total	100%		99%	-	94.0%	-	87.7%	-	89.8%	-	65.3%	N.A.	0
Oper. Margin	18.1%		18.8%	-	23.5%	-	26.3%	-	30.8%	-	19.2%	-	-
Semiconductors													
Revenues	0	(100)	20	(67)	59.8	71.3	34.9	84.7	18.9	89.0	10.0	9.8	7.9
% Total	-		3%	-	19.6%	-	18.7%	-	15.0%	-	14.1%	19.5%	17.1%
Oper. Profits	-	(100)	2.0	(67)	6.0	22.4	4.9	206.3	1.6	45.4	1.1	N.A.	N.A.
% Total	-		2%	-	10.0%	-	12.3%	-	5.6%	-	10.9%	N.A.	N.A.
Oper. Margin	-		10.0%	-	10.0%	-	14.0%	-	8.5%	-	1.1%		
Office Equipment													
Revenues	8	14	7	(44)	12.5	14.7	10.9	(14.8)	12.8	18.5	10.8	8.8	5.5
% Total	1%		2%	-	4.1%	-	5.8%	-	10.2%	-	15.2%	17.5%	11.9%
Oper. Profits	0	-	0	N.C.	(0.1)	N.C.	0.0	N.C.	1.3	62.5	0.8	N.A.	N.A.
% Total	0		0%	-	N.C.	-	0.0%	-	4.6%	-	7.9%	N.A.	N.A.
Oper. Margin	-		0%	-	N.C.	-	0.0%	-	10.2%	-	7.4%		
Consumer Products													
Revenues	2	0	2	(50)	4.0	(51.2)	8.2	(26.1)	11.1	(30.2)	15.9	19.4	32.8
% Total	N.C.		1%	-	1.3%	-	4.4%	-	8.8%	-	22.4%	38.6%	71.0%
Oper. Profits	0	N.C.	(1)	N.C.	(2.5)	N.C.	(5.0)	N.C.	(6.9)	N.C.	1.6	N.A.	N.A.
% Total	-		N.C.	-	N.C.	-	N.C.	N.C.	N.C.	N.C.	15.8%	N.A.	N.A.
Oper. Margin	-		N.C.	-	N.C.	-	N.C.	-	N.C.	-	10.1%		
Total Revenues	1,065	58	$674.1	121	$304.5	63.2%	$186.5	48.5%	$125.6	76.7%	$71.1	$50.2	$46.2
Total Oper. Profit	192	60	122.2	114	57.0	64.3	34.7	61.4	21.5	112.9	10.1	6.3	3.3
Overall Oper. Margin	18.0%		18.1%	-	18.7%	-	18.6%	-	17.1%	-	14.2%	12.5%	7.2%

TABLE 4

COMMODORE INTERNATIONAL, LTD.
Geographic Revenue and Operating Profit Breakdown FY1977-1983E

	FY 1984E	% Chg.	FY 1983E	% Chg.	FY 1982	% Chg.	FY 1981	% Chg.	FY 1980	% Chg.	FY 1979	FY 1978	FY 1977
North America													
Revenues	800	65	$485.0	178	$174.3	131.8%	$75.2	63.8%	$45.9	36.6%	$33.6	$34.6	$22.3
% Total	75%	-	73%	-	57.2%	-	40.3%	-	36.5%	-	47.3%	68.9%	48.3%
Oper. Profits	104	70	61.3	335	14.1	683.3	1.8	(30.8)	2.6	(61.8)	6.8	N.A.	N.A.
% Total	54%	-	51%	-	24.7%	-	5.2%	-	12.1%	-	67.3%	N.A.	N.A.
Oper. Margin	13.0%	-	12.6%	-	8.1%	-	2.4%	-	5.7%	-	20.2%	-	-
Europe													
Revenues	215	44	149.0	41	106.0	22.4	86.6	40.8	60.8	126.9	26.8	12.7	23.2
% Total	20%	-	22%	-	34.8%	-	45.9%	-	48.4%	-	37.7%	25.3%	50.2%
Oper. Profits	88	40	62.9	34	46.9	50.3	31.2	72.4	18.1	905	1.8	N.A.	N.A.
% Total	46%	-	51%	-	82.3%	-	89.9%	-	84.2%	-	17.8%	N.A.	N.A.
Oper. Margin	43.2%	-	42.2%	-	44.2%	-	36.0%	-	29.8%	-	6.7%	-	-
Asia													
Revenues	50	25	40.0	67	24.2	(5.8)	25.7	36.0	18.9	76.6	10.7	2.9	0.7
% Total	5%	-	6%	-	7.9%	-	13.8%	-	15.0%	-	15.0%	5.8	1.5%
Oper. Profits	0	N.C.	(2.0)	50	(4.0)	N.C.	1.7	112.5	0.8	(46.7)	1.5	N.A.	N.A.
% Total	0	-	N.C.	-	N.C.	-	4.9%	-	3.7%	-	14.9%	N.A.	N.A.
Oper. Margin	0	-	N.C.	-	N.C.	-	6.6%	-	4.2%	-	14.0%	-	-
Total Revenues	1,065	58	$674.1	121	$304.5	63.2	$186.5	48.5	$125.6	76.7	$71.1	$50.2	$46.2
Total Oper. Profit	192	60	122.2	114	57.0	64.3	34.7	61.4	21.5	112.9	10.1	6.3	
Overall Oper. Margin	18.0%	-	18.1%	-	18.7%	-	18.6%	-	17.1%	-	14.2%	12.5%	7.2%

Table 5
COMMODORE INTERNATIONAL
Est. Computer Systems Sales

	FY84E	% Chg.	FY83E	% Chg.	FY82E	% Chg.	FY81E	% Chg.	FY80E	% Chg.	FY79	% Chg.	FY78
Geographic Market													
North America	$790	73%	$456	130%	$198.2	512%	$ 32.4	61%	$20.1	79%	$11.2	90%	$ 5.9
Foreign	265	33	199	53	130.0	30	100.4	60	62.7	170	23.2	268	6.3
Total	1,055	64	645	183	228.2	72	132.5	60	82.8	141	34.4	182	12.2
By Product													
VIC-20	330	32	250	614	35.0	NC	-	-	-	-	-	-	-
64 Series	270	125	120	NC	-	-	-	-	-	-	-	-	-
Portable	50	NC	-										
4000													
8000	325	35	240	31	183.2	38	127.5	48	82.8	141	34.4	182	12.2
B-Series	80	129	35	250	10.0	100	5.0		-		-		-
Software													
Total	1,055	64%	$645	183%	228.2	72%	$132.5	60%	$82.8	141%	$34.4	182%	12.2

TABLE 6

COMMODORE INTERNATIONAL
Inventory Statistics
(mill.)

	1981			1982				1983		
	6/30	9/30	12/31	3/31	6/30	9/30	12/31	3/31	6/30	9/30
Finished Goods	26.8	35.7	35.8	39.9	44.8	57.5	56.4	80.5		
Raw Mtls. & WIP	26.0	28.4	41.1	42.1	47.5	48.4	68.5	129.0		
Total	52.8	64.1	76.9	82.0	92.3	105.9	124.9	209.5		
Yr/Yr Chg. %										
Finished Goods	40	56%	77%	90%	67%	61	58	102		
Raw Matl & WIP	54	49	106	71	83	70	67	206		
Total	46	53	91	80	75	65	62	155		
Ave. Inventory	--	58.5	70.5	79.5	87.2	99.1	115.4	167.2		
Equip. Sales	56.0	54.2	70.0	82.1	98.2	103.4	176.2	189.6		
Inv./Sales		1.08	1.01	0.97	0.89	0.96	0.65	0.88		

TABLE 7

THE HOME COMPUTER MARKET

MARKET SIZE
(Mill)

	1984E	% Chg.	1983E	% Chg.	1982E	% Chg.	1981E
Hardware	$3,500	279	$2,000	120	$ 900	200	$300
Software	1,200	100	600	100	300	200	100
	4,700	81	2,600	117	1,200	200	400

Source: 1981 & 1982 Future Computing, Inc.; 1983 & 1984 - MLPF&S Est.

UNIT SHIPMENTS
(000)

	1984E	% Chg.	1983E	% Chg.	1982E	% Chg.	1981E
Atari XL Series	800	700	50	--	--	--	--
Atari 400	-	-	300	0	300		
Atari 800	-	0	400	100	200	90	105
Coleco	500	400	100	-	-	-	-
Vic-20	1,800	38	1,300	86	700	678	90
Commodore 64	1,500	88	800	1233	60	--	--
TRS-80 Color	800	60	500	67	300	500	50
TI-99/4A	1,000 (c)	43	700	17	600	1100	50
Timex-Sinclair	1,000	25	800	33	600	--	
Other	1,600 (b)	700	200	--	+	--	+500(a)
Total	9,000	75	5,150	87	2,760	247	795
U.S. Shipments	5,400	52	3,550	81	1,960	180	700
Foreign Shipments	2,600	63	1,600	100	800	742	95
	9,000	75	5,150	91	2,700	140	795

Source: 1981&1982 - Future Computing, Inc.; 1983 & 1984 - MLPF&S Est.

(a) Sinclair
(b) Includes hand helds selling for less than $500; possible products from IBM and Japanese vendors.
(c) Includes new products.

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